

The complaint

Mrs C's complained that Co-op Funeral Plans Limited didn't tell her that her pre-paid funeral plan had been cancelled. And they delayed in refunding her what she'd paid.

What happened

Mrs C bought a pre-paid funeral plan in 2018. She paid the full cost of the plan at the point of purchase.

In October 2024, Mrs C decided she wanted to simplify her plan. She went to her local Co-op funeral directors to do this. She was told she needed to speak to Co-op's central office, because the plan couldn't be downgraded – so she'd need to cancel her existing plan and purchase a simpler replacement.

When Mrs C called Co-op's central office, the call handler told her that her plan had been cancelled and her payment refunded in summer 2022. Mrs C said she was very shocked and upset at hearing this because she'd not cancelled the plan or received any money back. So she made a complaint.

Co-op responded to Mrs C's complaint on 6 November 2024. They said Mrs C's plan had been cancelled in error. This was due to a known issue with their system, which had since been rectified. They confirmed they would refund Mrs C everything she'd paid for her plan (£3,225) within the following 30 days. And Co-op apologised for what had happened and offered Mrs £100 compensation.

Mrs C rejected Co-op's offer of compensation and requested the refund be paid more quickly. She continued to chase payment. But didn't receive this until Christmas Eve – almost seven weeks later.

Mrs C contacted Co-op immediately after Christmas to confirm she'd received her refund. She says Co-op then told her she should have been paid £645 interest for the period between when the policy was cancelled and when she got the refund. Co-op offered her a further £100 compensation for not dealing with this earlier and again told Mrs C she'd receive a payment within 30 days. Mrs C received a payment of £745 in late January.

Mrs C wasn't satisfied with Co-op's handling of her complaint and brought it to the Financial Ombudsman Service. Our investigator reviewed the available information and concluded Co-op's offer to pay Mrs C £100 was fair.

When the matter was passed to me, I agreed with our investigator that Mrs C's complaint should be upheld. But I didn't think £100 was enough to compensate her for what had happened. So I made a provisional decision.

That said it was clear that finding out her funeral plan had been cancelled caused Mrs C considerable distress over a number of weeks – which was made worse by Co-op then failing to meet their own time limits for paying her refund. And Co-op hadn't provided any evidence to show they'd taken steps to address the consequences of the "known issue" with their system, so as to avoid any impact on their customers.

I provisionally decided that £500 – inclusive of the £100 she'd already received - was a fair amount to compensate Mrs C for what had happened

Both parties have responded to my provisional decision. So the matter's now been passed back to me.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Both parties accepted my provisional decision. So I'm upholding Mrs C's complaint for the reasons set out in that, and which I've summarised above.

My final decision

For the reasons I've explained, I'm upholding Mrs C's complaint about Co-op Funeral Plans Limited and directing Co-op to pay her £400 compensation, in addition to the £100 they've previously paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 27 June 2025.

Helen Stacey
Ombudsman